

Message Text

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ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 FEA-01 GSA-01 OPIC-03 XMB-02 /108 W

----- 108747

R 061345Z DEC 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 391

INFO AMEMBASSY PARIS

AMEMBASSY LIMA

AMEMBASSY BRUSSELS

LUBUMBASHI

AMEMBASSY LUSAKA

AMEMBASSY SANTIAGO

AMEMBASSY PORT MORESBY

AMEMBASSY CANBERRA

AMEMBASSY TOKYO

AMEMBASSY LONDON

C O N F I D E N T I A L KINSHASA 10300

E.O. 11652: N/A

TAGS: ETRD, EIND, EMIN, CG

SUBJ: CIPEC CUTBACK: THE JAPANESE ANGLE

REF: STATE 255226

1. JAPANESE EMBOFF TOLD US THAT SODIMIZA, THE
JAPANESE MINING COMPANY HERE, HAD RECEIVED AN ORDER
FROM THE GOZ MINISTER FOR MINES THAT ITS
SHARE OF THE 10 PERCENT EXPORT CUTBACK BASED ON LAST SIX
MONTH'S PRODUCTION WOULD BE 10,000 METRIC TONS,
AND THAT ACCORDING TO SODIMIZA THIS WAS 55 PERCENT OF ITS
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PRODUCTION." OUR JAPANESE COLLEAGUE FURTHER STATED

THAT SODIMIZA COULD NOT ACCEPT THIS, ESPECIALLY IN VIEW OF FACT THEY KNEW THAT TOTAL CUTBACK FOR ZIARE WAS 22,200 METRIC TONS. IT WAS OBVIOUS TO US THAT 10,000 TONS OUR FRIEND MENTIONED COULD NOT BE 55 PERCENT OF SODIMIZA PRODUCTION OF CONCENTRATE-- BUT RATHER THAT THE 10,000 TONS IN QUESTION WAS COPPER CONTENT OF SOME 36,000 TONS OF CONCENTRATE WHICH WOULD INDEED BE ABOUT HALF OF SODIMIZA'S TOTAL CONCENTRATE PRODUCTION FOR THIS YEAR.

2. THE ECON COUNSELOR CALLED ON MINISTER FOR MINES, D'ZBO, AND RECEIVED CONFIRMATION THAT SODIMIZA HAD BEEN TOLD TO CUTBACK EXPORTS OF 10,000 METRIC TONS OF COPPER CONTENT, D'ZBO EXPLAINED THAT AFTER THE CIPEC MEETING IN PARIS NOV 18-19, CERTAIN JAPANESE REFINERS (NIPPON, MITSUI, MITSUBISHI, SUMITONA (SP) FUWAKAMA (SP) HAD ASKED CIPEC REPS TO MEET WITH THEM IN LONDON ON NOVEMBERHWQ WHERE THEY ASKED CIPEC TO CUT BACK EXPORTS OF CONCENTRATE TO JAPAN BY MORE THAN 10 PERCENT LIKE 50 PERCENT. THE JAPANESE REFINERS POINTED OUT THAT THEY HAD LONG TERM CONTRACTS FROM VARIOUS SUPPLIERS (INCLUDING THE JAPANESE COMPANY SODIMIZA) WHICH THEY HAD TO GET OUT OF IF THEY WERE GOING TO STOP RE-EXPORTING REFINED COPPER IN ACCORDANCE WITH THE BASIC GOJ UNDERSTANDING WITH CIPEC MEMBERS (CONFIRMS PARIS 27959).

3. D'ZBO FURTHER STATED THAT IT WAS GENERALLY UNDERSTOOD AT LONDON MEETING WITH JAPANESE REFINERS THAT THE CIPEC CUTBACK WOULD AIM MAINLY AT EXPORTS OF CONCENTRATE TO JAPAN--THUS THE GOZ MOVE. D'ZBO DID SAY THAT THE FIGURE OF 10,000 TONS HE HAVE SODIMIZA WAS "SUBJECT TO NEGOTIATION" BUT THAT HE HAD BEEN, IF ANYTHING, LENIENT. TO MAKE HIS POINT, HE READ FROM A TELEX PURPORTEDLY FROM A JAPANESE COMPANY -- WHETHER SODIMIZA'S PARENT COMPANY OR ITS REFINER WE DON'T KNOW--WHICH TELEX ASKED THE MINISTER TO CUT SODIMIZA BACK BY 17,000 METRIC TONS OF COPPER CONTENT. SPREADING HIS FINGERS LIKE A CAT AFTER A GOOD HOT BOWL OF MILK. D'ZBO ALLOWED AS CONFIDENTIAL

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HOW THE JAPANESE OUGHT TO GET THEIR HEADS TOGETHER.

4. D'ZBO ALSO MADE OR CONFIRMED THE FOLLOWING POINTS:
- A. CUTBACK IS ON EXPORTS, NOT PRODUCTION OF REFINED COPPER OR OF COPPER CONTENT EQUIVALENT TO X AMOUNT OF REFINED AND IS 10 PERCENT OF PREVIOUS SIX MONTH'S PRODUCTION, NOT SALES

B. ZAIRE'S TOTAL EXPORT CUTBACK IS 22,200 METRIC TONS, PLIT AS FOLLOWS: 10,000 TONS OF COPPER CONTENT FROM SODIMIZA, 6,000 TONS OF BLISTER WHICH WAS DESTINED FOR HOBOKEN PURING PLANT IN BELGIUM AND 6,200 TONS OF REFINED FROM GECAMINES.

C. PRIVATE COMPANIES, LIKE RIO TINTO ZINC, FROM CANADA, THE PHILLIPINES AND NEW GUINEA WERE FULLY ON BOARD WITH CIPEC ACTION AND WERE, IN EFFECT, ASSOCIATE MEMBERS OF CIPEC. THESE COMPANIES, HE SAID, WOULD MEET WITH GECAMINES AND HIM IN LUBUMBASHI IN DECEMBER AS PART OF THEIR ONGOING CONSULTATIONS IN THE CIPEC CONTEXT.

5. COMMENT: IN ADDITION TO THE RATHER SERIOUS EFFECT THE FOREGOING CUTBACK WILL HAVE ON SODIMIZA, IF IT STICKS--IT IS NOTEWORTHY THAT ZAIRE HAS CUT BACK EXPORT OF BLISTER TO HOBOKEN IN SPITE OF THE BELGIAN GOZ-SGM ACCORD. IN BOTH OF THESE CASES THE ZAIRIANS SEEM TO HAVE CHOSEN CUTBACKS WHICH WILL IMPACT THE LEAST ON ITS OWN FOREIGN EXCHANGE EARNINGS. AND IT SEEMS MORE THAN COINCIDENTAL THAT A RECENT INDUSTRIAL ACCIDENT AT A CONVERTING PLANT IN LUBUMBASHI WILL RESULT IN LOSS OF ABOUT 6,000 TONS OF REFINED--APPROXIMATELY THE SHARE OF THE CUTBACK GECAMINES RESERVED FOR ITSELF.
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